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## ANOTHER LARGE WORLD

## TEA CROP EXPECTED

### Summary

World tea production (excluding Mainland China) in 1971 is forecast to approximate the record 1970 harvest of 1,092,000 metric tons. Despite prospects of another record crop in India, Asian production is expected to fall slightly under the 1970 level, as a result of a reduced Pakistan crop. Drought conditions experienced earlier in the year in Kenya and Uganda have resulted in lower estimates for African output. However, South American production is anticipated to increase by 22 percent, reflecting a record Argentine harvest.

World tea exports (including estimates for Mainland China) in 1970 were a record 635,000 tons, a gain of more than 10 percent over the previous year's level of 574,000. Both African and South American exports were at record levels, totaling 101,000 and 23,000 tons, respectively. Asian exports, at 511,000 tons, recovered from their unusually low 1969 level of 458,000 tons, reflecting increased shipments by India and Ceylon.

World tea prices in 1970 also recovered from the low levels of the preceding year. London auction prices for all teas averaged 49.7 cents per pound in 1970, compared with the 1969 annual average of only 44.1 cents. London prices for all teas through the first 8 months of 1971 have averaged 47.1 cents per pound, down from 50.0 cents per pound during the corresponding period a year ago. The lower prices this year are primarily reflecting a higher London stock position, which at the end of August totaled approximately 71,000 tons, compared with 65,000 tons for the same period in 1970.

TEA: Production by specified major producing countries,  
average 1960-64, annual 1968 to 1971

Continent and country	Average 1960-64	1968	1969	1970 1/	Forecast 1971
	1,000	1,000	1,000	1,000	1,000
	metric	metric	metric	metric	metric
	tons	tons	tons	tons	tons
Asia:					
Ceylon .....	210.8	224.8	219.6	212.2	214.0
India .....	348.2	402.5	396.0	421.8	425.0
Indonesia 2/ .....	44.1	41.4	40.7	43.1	44.0
Iran .....	11.0	18.7	19.0	19.0	19.0
Japan .....	80.2	85.0	89.6	91.2	92.0
Malaysia .....	2.8	3.5	3.5	3.4	3.5
Pakistan .....	24.4	28.3	30.0	31.3	20.0
Taiwan .....	18.9	24.4	26.2	27.6	28.0
Turkey .....	8.0	27.6	34.4	34.0	34.0
USSR .....	43.8	56.1	59.9	60.0	60.0
Vietnam, South .....	4.8	4.8	4.9	4.8	4.8
Total .....	797.0	917.1	923.8	948.4	944.3
Africa:					
Cameroon .....	.2	1.1	1.0	1.2	1.2
Congo, Kinshasa .....	5.6	6.0	7.8	8.0	8.0
Kenya .....	16.2	29.8	36.1	41.1	37.0
Malawai .....	12.8	15.8	16.9	18.7	19.5
Mauritius 3/ .....	1.2	2.3	3.2	3.3	3.5
Mozambique .....	9.5	14.2	16.0	17.0	17.0
Rhodesia .....	1.2	2.5	2.5	2.5	2.5
Tanzania .....	4.5	7.9	8.8	8.5	9.0
Uganda .....	6.0	15.2	17.6	18.2	17.7
Total .....	57.2	94.8	109.9	118.5	115.4
South America:					
Argentina .....	9.4	17.0	20.0	18.5	24.0
Brazil .....	4.6	4.6	4.6	5.0	5.0
Peru .....	1.0	1.4	1.4	1.4	1.4
Total .....	15.0	23.0	26.0	24.9	30.4
Grand total .....	869.2	1,034.9	1,059.7	1,091.8	1,090.1

1/ Preliminary. 2/ Estate production. 3/ Year ending June 30.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

## Major Producers

Asia: India's production is forecast at 425,000 tons, up slightly from the record 1970 outturn of 421,800. The North Indian harvest for the first 7 months of 1971 has totaled 131,000 tons, compared with 126,600 for the similar 1970 period. Production in South India for the first half of 1971 amounted to 53,200 tons, off 1,300 from the corresponding period a year earlier. The lower output in South India was attributed in part to a 17-day labor strike during late May and early June.

India's domestic utilization of tea continues to increase. Domestic consumption in 1970 is estimated to have totaled 226,000 tons (about 53 percent of the crop), compared with 210,000 tons in 1969. The major factors in the expansion of consumption have been the increase in rural incomes, growing urbanization, and the easier availability of sugar at more reasonable prices.

India's exports of tea in 1970 recovered from the unusually low level of 1969 to 208,430 tons. Prospects for a continued recovery in exports remain uncertain because of the rising internal demand and growing competition from African teas. Preliminary data for the first 6 months of 1971 show exports totaling 58,300 tons, compared with 62,000 for the corresponding 1970 period.

India's exports to the United Kingdom in 1970 rebounded to 99,500 tons from 59,800 in the year before. Shipments to the USSR, at 25,600 tons, remained virtually unchanged from the level of the previous year. However, exports to the United States declined slightly from 7,700 tons in 1969 to 7,200 in 1970.

Ceylon's crop is expected to be near the 1970 level of 212,200 tons. The 1970 outturn was the smallest since 1962. This was attributed to adverse weather conditions, more selective plucking to improve quality and prices, the abandoning of some marginal tea areas, and delayed fertilizer application in 1969. The 1971 harvest is not expected to rebound from the unusually low 1970 level as producers are continuing to concentrate on manufacturing quality teas through selective plucking. The crop for the first half of 1971 has totaled 114,400 tons, compared with 115,800 for the same period in 1970.

Ceylon's tea exports in 1970 totaled 208,277 tons valued at U.S. \$187.5 million, up from 201,394 tons valued at \$177.6 million during the previous year. Although exports were up, they failed to reach the quota allotment of 210,460 tons allocated to Ceylon under the Mauritius Producers' Agreement. The larger shipments in 1970 were a result of a recovery in exports to the



United Kingdom to 70,735 tons, compared with the unusually low 1969 level of only 59,437 tons. Exports to the United States, however, fell slightly to 18,019 tons from 20,580 in 1969.

The bulk of Ceylon's crop is either sold at the Colombo tea auction or exported on consignment for sale at the London auction. Out of the 1970 harvest of 212,200 tons, 168,148 were marketed at the Colombo auction and 41,096 were sold through the London auction. Exports of the tea from private sales outside of the auctions amounted to about 2,000 tons.

Production in Pakistan is expected to be down sharply this year because of the conflict between the eastern and western regions of the country. All of the crop is produced in East Pakistan and reports indicate that it will be well under the record level of 31,300 tons harvested in 1970.

Africa: African production is forecast at 115,400 tons, off about 3 percent from the record outturn of the previous year. The lower production is attributed to poor weather conditions in several of the East African producing countries. Drought conditions earlier in the year have resulted in lower production estimates for both Kenya and Uganda. Kenya's harvest for the first 7 months of 1971 has totaled only 17,381 tons, compared with 24,206 for the corresponding period in 1970. Uganda's production for the January-July 1971 period has amounted to 8,493 tons, against a crop of 10,089 tons for the similar months in the previous year.

#### Major Importers

United Kingdom: U.K. imports of tea in 1970 totaled 254,564 tons, up 20 percent from the low 1969 imports of 212,158 tons. India was the largest supplier to the United Kingdom in 1970 with 84,327 tons, followed by Ceylon with 70,929 tons and Kenya with 29,734.

The London stock position at the close of 1970 amounted to 90,394 tons, compared with 76,764 tons at the end of 1969, reflecting the larger imports. Stocks in early September 1971 were about 71,000 tons, compared with 66,000 tons a year earlier. U.K. per capita tea consumption rose slightly in 1970 to 8.7 pounds from 8.5 pounds in the preceding year, but still remained under the levels of 8.8 pounds in 1968 and 9.1 in 1967.

## Tea: Average London Auction Prices, 1968-71

Origin	1968	1969	1970	1971 <u>1/</u>
	cents per <u>pound</u>	cents per <u>pound</u>	cents per <u>pound</u>	cents per <u>pound</u>
North India .....	48.7	45.3	50.9	45.0
South India .....	42.6	34.4	44.0	44.0
Ceylon .....	49.3	48.5	51.1	50.4
Malawi .....	40.6	28.1	43.4	43.1
Kenya .....	48.7	48.2	53.0	53.0
Uganda .....	43.0	40.1	51.0	48.8
Tanzania .....	46.3	43.4	52.8	50.2
Mozambique .....	39.3	25.9	38.6	40.4
Mauritius .....	41.8	32.2	43.8	45.8
Malaya .....	41.5	36.2	41.3	41.3
Argentina .....	36.8	28.7	40.2	37.6
Vietnam, South .....	37.7	29.2	32.7	41.5
Total all teas .....	47.5	44.1	49.7	47.1

1/ Average January through mid-September.

Source: The Tea Brokers' Association of London

United States: According to preliminary data, U.S. retail foodstore sales of tea in 1970 were a record 120.8 million pounds valued at \$293 million. Revised data for 1969 place sales at 112.7 million pounds with a value of \$274 million. Together with the institutional or out-of-home use of tea, total U.S. consumption in 1970 approximated 150 million pounds, up from an estimated 143 million in the previous year.

Out of the estimated 120.8 million pounds sold through retail stores, tea bags comprised 62.6 million pounds, instant (including tea mixes which have sugar and flavoring added) 43.6 million pounds, and loose teas only 14.6 million pounds. Loose tea has fallen from a 59 percent share of the U.S. market in 1950 to only a 12 percent share by 1970, while instant tea has risen from less than 1 percent to a 36 percent share for the same period, reflecting increasing consumer preference for "convenience" products.

Because of continued stock drawdown, U.S. imports of tea in 1970 declined for the second consecutive year to 137.2 million pounds valued at

\$52.6 million. Ceylon remained the largest source of U.S. imports with 46.1 million pounds, followed by Indonesia with 21.4, India with 15.8, and Kenya with 15.2 million pounds. In anticipation of the east coast dock strike scheduled for the fall of this year, imports for the first 8 months of 1971 have totaled 135.7 million pounds, up from 1970 imports of 91.3 million for the similar period.

Tea: Sales by U.S. retail stores, 1970  
with comparisons 1/

Year	: Total : quantity : Million : pounds	: Tea : bags : Million : pounds	: Loose : Million : pounds	: Instant <u>2/</u> : Million : pounds	: Total : Value : Million : pounds
1950 .....	69.7	27.9	41.4	0.4	(3/)
1955 .....	80.1	40.9	38.5	0.7	168
1956 .....	80.5	42.3	37.3	0.9	(3/)
1957 .....	81.7	45.0	35.3	1.4	(3/)
1958 .....	83.8	47.9	33.9	2.0	187
1959 .....	85.8	49.8	33.2	2.8	191
1960 .....	86.1	51.0	30.3	4.8	196
1961 .....	89.0	52.9	29.1	7.0	203
1962 .....	91.8	53.8	27.8	10.2	209
1963 .....	94.5	54.9	26.0	13.6	218
1964 .....	97.9	55.0	24.3	18.6	226
1965 .....	102.6	57.4	22.6	22.6	235
1966 .....	107.6	58.1	21.5	28.0	245
1967 .....	107.0	56.9	19.2	30.9	247
1968 .....	112.0	58.9	17.9	35.2	266
1969 .....	112.7	59.1	15.7	37.9	274
1970 <u>4/</u> .....	120.8	62.6	14.6	43.6	293

1/ Excludes sales by hotels, restaurants, and institutional users.

2/ Includes Mixes.

3/ Not available.

4/ Preliminary.

Source: A. C. Nielsen Company.



## International Developments

The Second Session of the Consultative Committee on Tea: The Second Session of the Consultative Committee on Tea met from Nov. 30 through Dec. 5, 1970, in New Delhi, India. The major items discussed were a review of the current tea situation, short-term international action, longer-term arrangements, and promotion. The Exporters' Group (which was established at the December 1969 Rome meeting of the First Session of the Consultative Committee on Tea) held meetings prior to, and contemporaneously with the Consultative Committee.

The Consultative Committee heard the report of the two "conciliators" who had been appointed by FAO in consultation with UNCTAD to try to reconcile the views of exporting countries on future quota arrangements. Five countries had been visited, and discussions centered on their current and future production plans, and on their views on the content of a long-term agreement. It was reported that the five governments were generally willing to consider cooperative action to meet the danger of a continuing fall in world tea prices, although there still was wide divergence on the principles on which international action should be based.

The Exporters' Group was unable to reach an agreement on new quotas for the 1971 year. So it decided to maintain the global quota at the same level as in 1970, with a provision for a review meeting early in 1971, at which time additional quotas, not exceeding 10,000 metric tons, would be allotted if justified by market conditions.

The Consultative Committee set up a Standing Group on Promotion to study methods of promoting tea consumption. The Group will examine the potential of various markets and suggest priorities for allocating promotional funds. It will also keep under review promotional matters and suggest arrangements for collecting funds for Tea Councils and other purposes.

It was agreed that when the two "conciliators" had made sufficient progress in working out the divergencies of the producers, they would request the Director-General of FAO to convene a meeting of the Working Party on Long-term Measures, and that the Standing Group on Promotion would meet at the same time.

The Third Session of the Standing Exporters' Group: The Third Session of the Standing Exporters' Group was held in Rome during April 5-8, 1971. The meeting reviewed the current tea situation and heard an interim report from the two "conciliators" on their progress in talks with governments and their suggestions for certain principles which might be considered in

forming a long-term arrangement. Members of the Group requested that the Secretariat circulate a brief information note every 2 months as a means of keeping the market situation under continuing review.

The members agreed to continue the global tea export quota for 1971 at the 1970 level of 595,000 tons. It was also decided that beginning in 1972, the quota year would be changed to an April-March basis, which would coincide more closely with the Indian harvest season. Another meeting of the Standing Exporters' Group was scheduled for the fall of 1971 to review the tea situation and export quotas.

## TEA: United States imports by country of origin 1969-71

Country of origin	1969			1970			January-August 1971		
	1,000 pounds	1,000 dollars	1,000 pounds	1,000 dollars	1,000 pounds	1,000 dollars	1,000 pounds	1,000 dollars	
Asia:									
Ceylon.....	51,822	20,285	46,125	18,353	29,484	11,645	43,158	18,034	
Hong Kong.....	193	161	235	185	166	121	140	88	
India.....	19,347	8,662	15,826	8,013	10,107	4,933	15,019	7,110	
Indonesia.....	20,612	5,648	21,401	5,912	14,452	3,750	20,774	6,869	
Japan .....	2,850	966	2,818	842	1,596	415	1,911	480	
Malaysia.....	617	245	939	341	644	248	579	240	
Taiwan.....	4,721	1,302	5,250	1,313	2,906	730	5,493	1,229	
Thailand.....	1	1	68	24	15	5	---	---	
Turkey.....	71	15	377	73	347	67	310	73	
Other.....	---	---	72	34	39	9	34	10	
Total	100,234	37,285	93,111	35,090	59,756	21,923	87,418	34,133	
Africa:									
Cameroon.....	---	---	8	5	8	5	29	16	
Congo, Kinshasa.....	799	233	821	275	466	156	502	187	
Kenya.....	12,322	4,484	15,174	5,678	10,524	3,863	16,384	6,794	
Mozambique.....	2,953	828	2,399	699	2,022	540	3,409	1,174	
Malawi.....	5,750	1,968	5,122	1,727	4,700	1,581	6,775	2,649	
South Africa.....	205	68	92	30	62	17	56	19	
Tanzania.....	1,015	383	500	210	417	173	582	283	
Uganda.....	2,441	956	2,708	1,137	1,677	678	2,147	958	
Other.....	262	97	365	121	244	81	267	128	
Total	25,747	9,017	27,189	9,882	20,120	7,094	30,151	12,208	
Other:									
Argentina.....	2,519	541	2,759	538	1,690	317	3,925	960	
Brazil.....	380	109	1,539	458	1,095	317	2,744	996	
Canada.....	3,975	3,042	4,722	3,671	3,311	2,542	3,113	2,471	
Netherlands.....	6,283	1,969	6,296	2,002	4,425	1,352	6,694	2,365	
United Kingdom.....	587	524	587	559	441	406	680	548	
Not specified.....	236	104	998	358	496	177	959	374	
Grand total.....	139,961	2,591	137,201	52,558	91,334	34,128	135,684	54,055	

1/ Value f.o.b. country of origin.

TEA: Exports from Ceylon, India, and Indonesia  
by Country of Destination, 1969-70

Country of Destination	Ceylon		India		Indonesia	
	1969	1970	1969	1970 1/	1969	1970 1/
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
Aden.....	3,290	3,120	----	----	----	----
Afghanistan.....	----	----	13,488	11,300	----	----
Australia.....	15,419	13,045	3,900	3,700	6,161	8,678
Bahrain Islands.....	577	1,059	610	800	----	----
Belgium-Luxembourg.....	43	48	5	2/	3,056	1,714
Canada.....	6,830	6,796	3,195	3,600	14	95
Chile.....	781	783	77	36	----	----
Egypt.....	7,011	8,195	14,287	11,300	----	----
France.....	697	731	80	105	6	4
Germany, West.....	2,439	2,358	3,007	3,800	3,430	2,607
Hong Kong.....	822	943	----	2/	818	651
Iran.....	3,893	3,967	2,007	2,263	----	----
Iraq.....	15,051	12,825	4,423	843	----	----
Ireland.....	2,111	2,728	4,624	5,400	127	53
Italy.....	1,329	1,508	206	2/	8	----
Japan.....	2,238	3,157	712	807	----	----
Jordan.....	724	572	2,745	3,000	----	----
Kuwait.....	5,201	4,961	308	235	----	----
Lebanon.....	2,130	4,099	8	2/	----	----
Libya.....	7,618	6,802	7	9	----	----
Netherlands.....	3,355	3,454	2,394	2,800	7,618	7,940
New Zealand.....	6,691	6,434	221	285	62	255
Pakistan.....	2,084	312	----	----	7	----
Poland.....	1,429	1,461	1,969	1,899	----	----
Saudi Arabia.....	6,059	5,693	68	2/	2/	----
South Africa.....	12,378	11,740	----	----	----	----
Sudan.....	----	2,312	7,358	12,900	----	----
Syria.....	3,699	2,363	46	2/	----	----
Tunisia.....	3	----	4,128	3,500	----	----
United Kingdom.....	59,437	70,735	59,856	99,500	1,178	5,274
United States.....	20,580	18,019	7,677	7,200	2,657	3,503
USSR.....	2,006	2,496	24,996	25,600	----	----
Not Specified.....	5,463	5,561	6,307	7,548	3/1,928	3/1,089
Total	201,394	208,277	168,709	208,430	27,070	31,863

1/ Preliminary.

2/ If any, included in Not Specified.

3/ Mostly Malaya and Singapore.



TEA: Exports from specified major-producing countries, 1970 with comparisons

Country	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970 <sup>1/</sup>
	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons	Metric tons
<b>Asia:</b>											
Ceylon .....	185,875	193,104	204,857	206,781	206,508	224,281	200,048	216,537	208,671	201,394	208,277
China, Mainland <sup>2/</sup> .....	41,000	31,000	30,000	33,000	32,000	36,000	34,000	31,000	35,000	27,000	30,000
India .....	193,098	206,292	211,826	223,542	210,523	199,365	179,204	213,676	208,440	168,709	208,430
Indonesia .....	36,140	33,390	30,926	29,742	32,337	32,285	33,244	26,595	34,712	27,070	31,863
Iran .....	135	367	52	---	28	339	160	301	1,205	225	3/
Japan .....	9,811	7,719	8,306	3,506	3,289	4,617	1,900	1,736	1,968	1,614	1,498
Malaysia .....	2,330	2,376	2,332	2,011	2,025	2,239	2,210	1,954	1,909	2,573	2/2,500
Pakistan .....	1,832	2,580	3,961	26	323	2,903	2,308	---	5	2	---
Taiwan .....	11,863	14,603	12,457	13,673	15,223	20,122	19,645	19,140	18,402	21,271	20,390
Turkey .....	---	---	---	---	1	2,594	1,535	8,567	7,352	8,301	7,843
Vietnam, South .....	1,085	1,656	1,930	1,925	2,148	2,341	1,863	1,047	725	187	3/
Total .....	483,169	493,087	506,647	514,207	505,944	527,086	476,117	520,553	518,389	458,346	510,801
<b>Africa:</b>											
Congo, Kinshasa .....	3,462	3,175	4,025	5,658	3,926	4,109	5,585	2,982	4,299	4,051	2/5,000
Kenya .....	11,871	11,202	14,807	15,917	17,516	16,858	23,668	19,683	28,356	33,828	36,099
Mauritius .....	211	792	721	987	782	1,104	1,295	1,587	1,710	2,574	2,627
Mozambique .....	8,066	9,905	8,989	8,438	8,915	10,838	12,995	14,378	14,243	15,439	16,653
Malawi .....	11,067	13,631	12,814	11,445	12,235	13,198	15,223	16,840	15,792	17,287	17,700
Rwanda .....	3/	3/	3/	3/	309	332	341	381	612	958	1,300
Southern Rhodesia .....	4/	4/	4/	4/	434	506	3/	3/	3/	3/	3/
Tanzania .....	3,340	3,392	4,027	4,069	4,698	4,414	6,460	6,209	7,052	7,699	7,054
Uganda .....	4,171	4,215	5,531	5,706	6,248	6,898	8,943	9,617	11,387	15,927	15,052
Total .....	42,188	46,312	50,914	52,220	55,063	58,257	74,510	71,677	83,451	97,763	101,485
<b>South America:</b>											
Argentina .....	3,017	5,352	6,408	7,599	8,469	12,277	13,291	11,432	14,693	14,633	18,262
Brazil .....	755	1,176	1,440	1,310	1,759	2,106	2,477	3,038	3,034	2,807	3,966
Ecuador .....	---	---	---	---	---	---	---	---	18	57	293
Peru .....	19	38	10	40	36	78	98	63	64	91	3/
Total .....	3,791	6,566	7,858	8,949	10,264	14,461	15,866	14,533	17,809	17,588	22,521
Grand total .....	529,148	545,965	565,419	575,376	571,271	599,804	566,493	606,763	619,649	573,697	634,807

<sup>1/</sup> Preliminary. <sup>2/</sup> Estimated. <sup>3/</sup> Not available. <sup>4/</sup> Included with Malawi.



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